

REMARKS

Claims 15 and 20 have been amended. Claims 15, 20, 22, and 24 remain in the application. Further examination and reconsideration of the application, as amended, is hereby requested.

## CLAIM STATUS:

Claims 15, 20, 22, and 24 were rejected under 35 USC 103(a) as being unpatentable over Briscoe in view of Berstis. Applicants respectfully traverse that the combination of Briscoe and Berstis discloses their invention. However, to further prosecution the Applicants have amended claims 15 and 20 to further define and distinguish their invention over the art made of record. Accordingly for the reasons stated below, claim 15, 20, 22, and 24 are believed to be clearly patentable over the art made of record and their allowance is respectfully requested.

The Supreme Court recently addressed the issue of obviousness in KSR Int'l Co. v. Teleflex Inc., 127 S.Ct. 1727 (2007). The Court stated that the Graham v. John Deere Co. of Kansas City, 383, U.S. 1 (1966), factors still control an obviousness inquiry. Those factors are: 1) "the scope and content of the prior art"; 2) the "differences between the prior art and the claims"; 3) "the level of ordinary skill in the pertinent art"; and 4) objective evidence of nonobviousness. KSR, 127 S.Ct. at 1734 (quoting Graham, 383 U.S. at 17-18).

With regard to the first factor, Briscoe discloses a "coinstick" which is a virtual (a simulated or non-physical) representation of a series of digital micropayment tokens. Berstis discloses a pair of certified devices to operate within the context of a given security protocol to manage copies of a digital file and associated copy control info.

With regard to the second factor, neither Briscoe or Berstis disclose as in claim 15 "preventing the use of a portion of the consumable item in proportion to the amount of expended portion of currency, thereby creating a collateral security as an encumbrance on the portion of the consumable item" and " after payment, releasing the encumbrance an thereby allowing the use of the portion of the consumable item." With regard to claim 20, neither cited reference disclose

"creating a digital cash account for the consumable item having an amount proportionally related to the amount of the consumable item" and "preventing the use of the consumable item in proportion to the reduced amount of the digital cash account of the consumable item, thereby bartering a portion of the consumable item for the use of the content." The Examiner equates the "coinstick" of Briscoe as a "consumable item" but this "coinstick" is really just digital currency which is used to purchase "consumable items" such as "a number of pages of personalized news information" (col. 6:10-11).

With regard to the fourth factor, Applicant also notes that it is improper to combine references where the references *teach away* from their combination. (*In re Grasselli*, 713 F.2d 731, 743, 218 USPQ 769, 779 (Fed. Cir. 1983)). This principle was cited with approval in the recent Supreme Court decision, *KSR*. The Supreme Court in *KSR* discussed in some detail *United States v. Adams*, 383 U.S. 39 (1966), stating in part that in that case, "[t]he Court relied upon the corollary principle that when the prior art *teaches away* from combining certain known elements, discovery of a successful means of combining them is more likely to be nonobvious." Accordingly, it remains improper to combine references where the references teach away from their combination.

Nowhere in Briscoe can Applicants' representative find where Briscoe is "*preventing* the use of a portion of the consumable item in proportion to the amount of the expended portion of the currency." Rather, conversely Briscoe allows for the use of the consumable item (reading the news pages) in proportion to the amount of the expended portion of the currency. Accordingly, Briscoe is actually *teaching away* from Applicants' claimed invention. Similarly, in Berstis, "a user establishes a 'prepaid' account from which royalty or usage payments are drawn against as files are copied/transmitted. (col. 10:11-14). Thus, Berstis is allowing for the use and not preventing the use of the consumable item (paper). Applicants have amended claim 15 to make it clear that as in claim 15, this preventing of use of the consumable item is "thereby creating a collateral security as an encumbrance on the portion of the consumable item" and for claim 20, "thereby bartering a portion of the consumable item for the use of the content."

With regard to the third factor, the Examiner addresses what one of ordinary skill in the art would know by citing Nathan J. Muller's Desktop Encyclopedia of the Internet. However, Applicants' representative would like to note that it is the Inventor's insight of using the consumable item (be it ink or the energy stored in a battery or any other consumable item) as either collateral security or barter to ensure payment of royalty charges for privileged content to be reproduced that makes it inventive over the various ordinary electronic payment schemes cited in the references made of record.

Withdrawal of the rejection under 35 USC 103(a) is respectfully requested for the remaining claims, as amended.

Applicants believe their claims as amended are patentable over the art of record, and that the amendments made herein are within the scope of a search properly conducted under the provisions of MPEP 904.02. Accordingly, claims 15, 20, 22, and 24 are deemed to be in condition for allowance, and such allowance is respectfully requested.

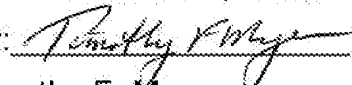
If for any reason the Examiner finds the Application other than in a condition for allowance, the Examiner is respectfully requested to call Applicants' undersigned representative at the number listed below to discuss the steps necessary for placing the application in condition for allowance.

The Commissioner is hereby authorized to charge any additional fees which may be required, or credit any overpayment to Deposit Account No. 08-2025. Should such fees be associated with an extension of time, Applicants respectfully request that this paper be considered a petition therefore.

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Respectfully Submitted,

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